18 November 2020, Limassol, Cyprus

MHP SE

Financial Results for the Third Quarter and Nine Months Ended 30 September 2020

MHP SE (LSE:MHPC), the parent company of a leading international agro-industrial group with headquarters in Ukraine, today announces its results for the third quarter and nine months ended 30 September 2020. Hereinafter, MHP SE and its subsidiaries are referred to as "MHP", "The Company" or "The Group".

OPERATIONAL HIGHLIGHTS

Despite the challenges posed by the global COVID-19 pandemic and an outbreak of H5N1 avian influenza in Ukraine in Q1 2020, the Company delivered a satisfactory performance during Q3 and for the 9M 2020.

After a temporary decrease in utilization of poultry production capacity in Q1 (by c.10% from February to the end of March 2020 as a result of the avian influenza outbreak in Ukraine), since the beginning of Q2 all the Company's poultry production facilities have been operating at full capacity. MHP continued to develop its exports to MENA markets, increasing the share of small whole chicken production (lighter weight, 1.0-1.5 kg/bird) through greater use of thinning. As a result, although the total number of heads in Q3 increased by 9% year-on-year, the overall tonnage of poultry production decreased by 3%. The switch in production and sales was driven by higher profitability per kilo and a more favorable market environment in MENA compared to other regions.

Q3 2020 highlights

- Poultry production volume decreased by 3% to 181,661 tonnes (Q3 2019: 186,555 tonnes). Poultry production volumes of the European operating segment (Perutnina Ptuj or PP) increased by 14% to 27,615 tonnes (Q3 2019: 24,160 tonnes[1)]).
- The average chicken meat price decreased by 11% year-on-year to US$ 1.36 per kg (Q3 2019: US$ 1.53 per kg) (excluding VAT). The average price of poultry meat produced by PP during Q3 2020 was EUR 2.48 per kg (Q3 2019:EUR 2.63 per kg).
- Chicken meat exports totaled 108,472 tonnes, an increase of 37% from 79,189 tonnes in Q3 2019.

9M 2020 highlights

- Poultry production volume was broadly stable at 541,592 tonnes (9M 2019: 540,133 tonnes). Poultry production volume of the European operating segment was up 38% to 77,574 tonnes (9M 2019: 56,037 tonnes[1)]).
- The average chicken meat price decreased by 9% year-on-year to US$ 1.34 per kg (9M 2019: US$ 1.48 per kg) (excluding VAT). The average price of poultry meat produced by PP was EUR 2.52 per kg (9M 2019: EUR 2.64 per kg).
- Chicken meat exports increased by 3% to 279,025 tonnes compared with 269,672 tonnes in 9M 2019.

FINANCIAL HIGHLIGHTS

Q3 2020 highlights

- Revenue of US$ 547 million, down 2% year-on-year (Q3 2019: US$ 560 million).
- Export revenue of US$ 309 million, comprising 56% of total revenue (Q3 2019: US$ 317 million, 57% of total revenue).
- Operating profit of US$ 56 million up 40% year-on-year from US$ 40 million, operating margin increased from 7% to 10%.
- Adjusted EBITDA (net of IFRS 16) increased from US$ 83 million to US$ 86 million, with adjusted EBITDA margin (net of IFRS 16) up to 16% from 15%.

[1)] results of PP from 21 February 2019 when the acquisition was completed

- Adjusted EBITDA (net of IFRS 16) increased from US$ 83 million to US$ 86 million, with adjusted EBITDA margin (net of IFRS 16) up to 16% from 15%.
- Net loss of US$ 47 million, compared to net profit of US$ 104 million for Q3 2019 reflecting a non-cash foreign exchange loss of US$ 61 million, compared with a US$ 109 million gain in Q3 2019. Net profit before foreign exchange differences for Q3 2020 of US$ 82 million, 11% lower than US$ 92 million for Q3 2019.

9M 2020 highlights

- Revenue of US$ 1,414 million, down 6% year-on-year (9M 2019: US$ 1,505 million).
- Export revenue of US$ 761 million, comprising 54% of total revenue (9M 2019: US$ 869 million, 58% of total revenue).
- Operating profit of US$ 194 million down 11% year-on-year from US$ 218 million, with operating margin stable at 14%.
- Adjusted EBITDA (net of IFRS 16) decreased from US$ 331 million to US$ 302 million; with adjusted EBITDA margin (net of IFRS 16) down from 22% to 21%.
- Net loss of US$ 109 million, compared to net profit of US$ 276 million in 9M 2019, primarily due to US$ 191 million of non-cash foreign exchange loss in 9M 2020, reflecting a 16% weakening in the Ukraine Hryvnia/US Dollar exchange rate, compared to a gain of US$ 182 million in 9M 2019. Net profit before foreign exchange differences for 9M 2020 of US$ 81 million, 13% lower than US$ 93 million for 9M 2019.

FINANCIAL OVERVIEW

(in mln. US$, unless indicated otherwise)	**Q3 2020**	**Q3 2019**	*% change**	**9M 2020**	**9M 2019**	*% change**
Revenue	**547**	**560**	**-2%**	**1,414**	**1,505**	**-6%**
IAS 41 standard gains	(17)	(23)	-26%	29	18	61%
Gross profit	**103**	**94**	**10%**	**322**	**346**	**-7%**
Gross profit margin	19%	17%	2pps	23%	23%	0 pps
Operating profit	**56**	**40**	**40%**	**194**	**218**	**-11%**
Operating profit margin	10%	7%	3 pps	14%	14%	0 pps
Adjusted EBITDA	**106**	**109**	**-3%**	**332**	**357**	**-7%**
Adjusted EBITDA margin	19%	19%	0 pps	23%	24%	-1 pps
Adjusted EBITDA *(net of IFRS 16)*	**86**	**83**	**4%**	**302**	**331**	**-9%**
Adjusted EBITDA margin (net of IFRS 16)	16%	15%	1 pps	21%	22%	-1 pps
Net profit before foreign exchange differences	**14**	**(5)**	**-380%**	**81**	**93**	**-13%**
Net profit margin before forex	3%	-1%	4 pps	6%	6%	0 pps
Foreign exchange gain/(loss)	(61)	109	-156%	(191)	182	-205%
Net profit/(loss)	**(47)**	**104**	**-145%**	**(109)**	**276**	**-139%**
Net profit margin	-9%	19%	-28 pps	-8%	18%	-26 pps

** pps – percentage points*
Average official FX rate for Q3 2020 UAH/US$ 27.60 and for Q3 2019 UAH/US$ 25.26
Average official FX rate for 9M 2020 UAH/US$ 26.53 and for 9M 2019 UAH/US$ 26.37

DIVIDENDS

On 13 April 2020, the Board of Directors approved payment of an interim dividend of US$ 0.2803 per share, equivalent to US$ 30 million, to shareholders on the register as of 24 April 2020. The Board of Directors approved that no dividend would be paid on the Company's shares held in treasury. All dividends were paid to shareholders by 30 September 2020.

DIAL-IN DETAILS

MHP's management will host a conference call for investors and analysts followed by Q&A on the day of the results, 18 November 2020.

The dial-in details are:

Time:	14.00 London / 16.00 Kyiv / 09.00 New York
Title:	Financial results for Q3 and 9M 2020
UK:	+44 203 984 9844
Ukraine:	+380 89 324 0624
USA:	+1 718 866 4614
PIN code	645982

In order to follow the presentation together with the management, please register using the following link:

https://mm.closir.com/slides?id=645982

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Segment Performance

Poultry and related operations

	Q3 2020	Q3 2019	*% change*	9M 2020	9M 2019	*% change*
Poultry						
Sales volume, third parties tonnes	195,119	165,963	18%	523,759	511,241	2%
Domestic sales volume, tonnes	*86,647*	*86,774*	*0%*	*244,735*	*241,569*	*1%*
Export sales volume, tonnes	*108,472*	*79,189*	*37%*	*279,025*	*269,672*	*3%*
Average price per 1 kg net of VAT, US$	1.36	1.53	-11%	1.34	1.48	-9%
Average price per 1 kg net of VAT, UAH (Ukraine)	37.56	38.58	-3%	35.45	39.19	-10%
Average price per 1 kg net of VAT, US$ (export)	1.41	1.53	-8%	1.40	1.54	-9%
Sunflower oil						
Sales volume, third parties tonnes	84,877	83,975	1%	248,233	271,462	-9%
Soybeans oil						
Sales volume, third parties tonnes	11,511	15,758	-27%	33,121	40,007	-17%

Chicken meat prices

The total volume of chicken meat sold to third parties in 9M 2020 increased by 2% to 523,759 tonnes (9M 2019: 511,241 tonnes) mainly as a result of an increase in exports in Q3 2020. In Q3 2020 export sales amounted to 108,472 tonnes, up 37% compared to Q3 2019 export sales of 79,189 tonnes. In 9M 2020 poultry exports increased by 3% to 279,025 tonnes (9M 2019: 269,672 tonnes), mainly due to due to increased sales to MENA as well as to Africa and CIS.

Poultry export prices decreased during 9M 2020 by 9% year-on-year, mainly driven by a change in product mix (with a significant decrease in sales of fillet to the EU and increased sales to MENA) and weaker prices on breast fillet in EU as many global competitors experienced reduced demand, which resulted in significant excess stocks. Prices on the domestic market decreased by 10% year-on-year mainly for the same reasons as export prices as well as a higher proportion of lower-priced frozen chicken sales in Ukraine.

Vegetable oil

In Q3 2020, sunflower oil sales volume amounted to 84,877 tonnes, almost the same level as in Q3 2019. In 9M 2020. Sunflower oil sales decreased by 9% compared to 248,233 tonnes in 9M 2019, mainly due to reduced share of sunflower cake being used in fodder.

Sales of soybean oil were 11,511 tonnes in Q3 2020, 27% lower year-on-year, and 33,121 tonnes in 9M 2020 , 17% lower year-on-year, mainly as a result of a decreased share of soybean cake in fodder and lower third party sales.

(in mln. US$, unless indicated otherwise)	Q3 2020	Q3 2019	*% change[1)]*	9M 2020	9M 2019	*% change[1)]*
Revenue	**362**	**343**	**6%**	**970**	**1,031**	**-6%**
- Poultry and other	*291*	*274*	*6%*	*767*	*823*	*-7%*
- Vegetable oil	*71*	*69*	*3%*	*203*	*208*	*-2%*
IAS 41 standard gains/(losses)	**(17)**	**(5)**	**240%**	**(11)**	**12**	**-192%**
Gross profit	**58**	**69**	**-16%**	**176**	**227**	**-22%**
Gross margin	*16%*	*20%*	*-4 pps*	*18%*	*22%*	*-4 pps*
Adjusted EBITDA	**58**	**77**	**-25%**	**180**	**238**	**-24%**
Adjusted EBITDA margin	*16%*	*22%*	*-6 pps*	*19%*	*23%*	*-4 pps*
Adjusted EBITDA per 1 kg (net of IAS 41)	*0.38*	*0.49*	*-22%*	*0.36*	*0.44*	*-18%*

[1)] pps – percentage points

As a result of the decrease in prices of chicken meat, revenue decreased by 6% in 9M 2020 compared to 9M 2019.

IAS 41 standard loss in 9M 2020 amounted to US$ 11 million (compared with a US$ 12 million gain in 9M 2019) mainly as a result of lower prices of chicken meat as well as a decrease in poultry meat stocks.

Gross profit of the poultry and related operations segment for Q3 2020 decreased by 16% compared to Q3 2019 to US$ 58 million. This was mainly due to the decrease of chicken meat prices. Poultry production costs in Q3 2020 remained almost at the same level as in Q1 2020.

Adjusted EBITDA in 9M 2020 decreased by 24%, in line with the decrease in gross profit.

Grain growing operations

In 2020 the Company expects to harvest around 360,000 hectares of land.

This year, unusually hot and arid weather conditions in the final weeks of the growing season, particularly in the central regions of Ukraine, have led to significantly lower yields across most crops compared to 2019, although MHP's yields are still well above Ukraine's average. As of the date of this report, MHP's harvesting campaign of sunflower is almost complete with expected yield of 2.86 t/ha, around 77% of corn is harvested with expected yield of 5.2 t/ha and around 78% of soya is harvested with expected yield of 2.8 t/ha (yields are in net weight). The financial impact on the Company from the poor harvest was partly offset by sharply higher commodity prices in the period, in part due to the lack of supply.

	2020*		***2019***	
	Production volume *in tonnes*	**Cropped land** *in hectares*	**Production volume** *in tonnes*	**Cropped land** *in hectares*
Corn	833,797	155,122	1,312,416	140,221
Wheat	207,949	40,827	300,396	46,797
Sunflower	269,521	93,920	237,755	65,447
Rapeseed	80,450	30,813	122,597	41,233
Soya	47,289	19,423	102,418	38,197
Other*	260,412	16,282	332,007	27,581
Total	**1,699,418**	**356,387**	**2,407,589**	**359,476**

* Including barley, rye, sugar beet, sorghum and other and excluding land left fallow as part of crop rotation

** MHP's forecast

	*2020*** *MHP's average **	*Ukraine's average **	*2019* *MHP's average **	*Ukraine's average **
	tonnes per hectare		*tonnes per hectare*	
Corn	5.7	5.0	9.4	7.1
Wheat	5.1	3.8	6.4	4.3
Sunflower	2.9	2.0	3.6	2.6
Rapeseed	2.6	2.3	3.0	2.6
Soya	2.4	2.0	2.7	2.3

* - MHP yields are net weight, Ukraine – bunker weight;

** - MHP's forecast

(in mln. US$, unless indicated otherwise)	**9M 2020**	**9M 2019**	**% change**
Revenue	**90**	**174**	**-48%**
IAS 41 standard gains	39	8	388%
Gross profit	**61**	**53**	**15%**
Adjusted EBITDA	**106**	**95**	**12%**
Adjusted EBITDA *(net of IFRS 16)*	**78**	**71**	**10%**

Revenue for the grain growing segment for 9M 2020 amounted to US$ 90 million compared to US$ 174 million in 9M 2019. The decrease was mainly attributable to the higher amount of crops in stock designated for sale as of 31 December 2018, compared to stock for sale as of 31 December 2019, mainly as a result of higher yields in 2018.

IAS 41 standard gain for 9M 2020 amounted to US$ 39 million compared with US$ 8 million in 9M 2019 mainly due to a more substantial decrease in grain stock in 9M 2019 compared to 9M 2020. The gain mainly represents the result of the revaluation of crops in fields (biological assets) at the reporting date, escalated by net change in effect of revaluation of agricultural produce (sunflower, corn, wheat and soya) after the harvesting of grain.

Adjusted EBITDA (net of IFRS 16) of the grain growing segment for 9M 2020 increased by 10% compared to 9M 2019. This was mainly as a result of the significant increase in grain prices partly offset by lower yields of crops in 2020 compared to 2019.

Meat processing and other agricultural operations segment

Meat processing products	**Q3 2020**	**Q3 2019**	% change	**9M 2020**	**9M 2019**	**% change**
Sales volume, third parties tonnes	8,870	10,152	-13%	25,392	26,775	-5%
Price per 1 kg net VAT, UAH	72.14	67.33	7%	70.74	66.81	6%

Sales volume of meat processing products in 9M 2020 decreased by 5% year-on-year to 25,392 tonnes, mainly driven by a 13% decrease in sales volume in Q3 2020 year-on-year as a result of the challenging environment in HoReCa and open market trade as well as more rational consumers' shopping behavior. The average processed meat price increased by 6% year-on-year to UAH 70.74 per kg in 9M 2020.

Convenience food	**Q3 2020**	**Q3 2019**	% change	**9M 2020**	**9M 2019**	**% change**
Sales volume, third parties tonnes	6,054	5,605	8%	14,591	14,072	4%
Price per 1 kg net VAT, UAH	40.81	38.59	6%	40.28	40.62	-1%

Sales volumes of convenience food in 9M 2020 increased by 4% to 14,591 tonnes. The average price in 9M 2020 remained stable at UAH 40.28 per kg (excluding VAT).

(in mln. US$, except margin data)	Q3 2020	Q3 2019	% change[1)]	9M 2020	9M 2019	% change[1)]
Revenue	**39**	**40**	**-3%**	**106**	**107**	**-1%**
- Meat processing	*29*	*34*	*-15%*	*82*	*86*	*-5%*
- Other[2)]	*10*	*6*	*67%*	*24*	*21*	*14%*
IAS 41 standard gains/(losses)	**(1)**	**-**	**-100%**	**-**	**(1)**	**-100%**
Gross profit	**6**	**4**	**50%**	**14**	**10**	**40%**
Gross margin	*15%*	*10%*	*5 pps*	*13%*	*9%*	*4 pps*
Adjusted EBITDA	**6**	**3**	**100%**	**15**	**12**	**25%**
Adjusted EBITDA margin	*15%*	*8%*	*7 pps*	*14%*	*11%*	*3 pps*

[1)]pps – percentage points.
[2)]includes milk, cattle, and feed grains.

Segment revenue remained broadly unchanged and at US$ 106 million. The segment's adjusted EBITDA increased to US$ 15 million in 9M 2020 versus US$ 12 million in 9M 2019, an increase by 25% year-on-year, driven mostly by higher returns earned from milk operations.

European operating segment

Poultry	**Q3 2020**	**Q3 2019**	**9M 2020**	**9M 2019[1)]**
Sales volume, third parties tonnes	16,804	15,920	47,842	36,928
Price per 1 kg net VAT, EUR	2.48	2.63	2.52	2.64

[1)] results of PP from 21 February 2019 when the acquisition was completed. NOTE: 9M 2019 poultry sales (if calculated since 01 January 2019) were at 45,710 tonnes.

Poultry sales of the European operating segment increased by 6% to 16,804 tonnes in Q3 2020 (Q3 2019: 15,920 tonnes). Average prices decreased by 6% from EUR 2.63 in Q3 2019 to EUR 2.48 in Q3 2020.

Meat processing products[1)]	**Q3 2020**	**Q3 2019**	**9M 2020**	**9M 2019[2)]**
Sales volume, third parties tonnes	10,218	9,918	28,853	21,040
Price per 1 kg net VAT, EUR	2.69	2.69	2.71	2.70

[1)] includes sausages and convenience foods
[2)] results of PP from 21 February 2019 when the acquisition was completed. NOTE: 9M 2019 meat processing products sales (if calculated since 01 January 2019) were at 26,268 tonnes.

Meat processing product sales of the European operating segment were up 3% year-on-year and 10,218 tonnes in Q3 2020 (Q3 2019: 9,918 tonnes). Average prices were relatively stable at EUR 2.69 in Q3 2020 and EUR 2.71 in 9M 2020.

(in mln. US$, except margin data)	**Q3 2020**	**Q3 2019**	**9M 2020**	**9M 2019[1)]**
Revenue	**91**	**86**	**248**	**193**
IAS 41 standard gains	(1)	1	1	-
Gross profit	**27**	**29**	**71**	**56**
Gross margin	*30%*	*33%*	*29%*	*29%*
Adjusted EBITDA	**12**	**13**	**40**	**29**
Adjusted EBITDA margin	*13%*	*15%*	*16%*	*15%*
Adjusted EBITDA *(net of IFRS 16)*	**12**	**11**	**38**	**27**
Adjusted EBITDA margin (net of IFRS 16)	*13%*	*13%*	*15%*	*14%*

[1)] results of PP from 21 February 2019 when the acquisition was completed. NOTE: 9M 2019 EBITDA net of IFRS 16 effect (if calculated since 01 January 2019) was US$ 30 million.

European operating segment's revenue in Q3 2020 amounted to US$ 91 million, and US$ 248 million in 9M 2020. Adjusted EBITDA (net of IFRS 16) reached US$ 12 million and US$ 38 million for Q3 2020 and 9M 2020 respectively. The increase of Adjusted EBITDA in Q3 2020 compared to Q3 2019 was mainly attributable to the higher sales of more profitable meat processing products in 2020.

Group Cash Flow

(in mln. US$)	**Q3 2020**	**Q3 2019**	**9M 2020**	**9M 2019**
Cash from operations	**97**	**102**	**196**	**240**
Change in working capital	65	(6)	(58)	80
Net Cash from operating activities	**162**	**96**	**138**	**320**
Cash used in investing activities	**(17)**	**(40)**	**(94)**	**(305)**
Including:				
Net cash outflow on acquisition of subsidiaries	-	-	-	*(206)*
CAPEX[1)]	*(17)*	*(34)*	*(58)*	*(96)*
Cash from financing activities	**(20)**	**73**	**(33)**	**136**
Dividends	-	-	(30)	(80)
Total financial activities	**(20)**	**73**	**(63)**	**56**
Total change in cash[2)]	**125**	**129**	**(19)**	**71**

[1)]Calculated as cash used for Purchases of property, plant and equipment plus cash used for purchases of other non-current assets.

[2)]Calculated as Net Cash from operating activities plus Cash used in investing activities plus Total financial activities.

Cash flow from operations before changes in working capital for 9M 2020 amounted to US$ 196 million (9M 2019: US$ 240 million).

Use of funds in working capital during 9M 2020 was mostly related to investments in crops in fields to be harvested in Q4 2020. The difference compared to 9M 2019 was mainly attributable to higher investments in inventory during 9M 2020 (sunflower and soya) designated for internal consumption mostly due to lower stock of crops as of 31 December 2019 compared to 31 December 2018

In 9M 2020 total CAPEX amounted to US$ 58 million mainly related to modernization projects and new products development, maintenance and improvement of Perutnina Ptuj production facilities.

Debt Structure and Liquidity

(in US$, millions)	**30 SEP 2020**	**31 DEC 2019**	**30 SEP 2019**
Total Debt [1)]	**1,473**	**1,480**	**1,581**
LT Debt [1)]	1,443	1,448	1,469
ST Debt [1)]	30	32	112
Trade credit facilities[2)]	(12)	-	-
Cash and bank deposits	(305)	(341)	(288)
Net Debt[1)]	**1,156**	**1,139**	**1,293**
LTM EBITDA [1)]	347	379	436
Net Debt / LTM EBITDA[1)]	*3.33*	*3.01*	*2.96*

[1)] Net of IFRS 16 adjustments: as if any lease that would have been treated as an operating lease under IAS 17 as was in effect before 1 January 2019, is treated as an operating lease for purposes of this calculation. In accordance with covenants in MHP's bond and loan agreements, these data exclude the effects of IFRS 16 on accounting for operating leases.

[2)] Indebtedness under trade credit facilities that is required to be repaid within 12 months of drawdown should be excluded for purposes of this calculation.

As of September 30, 2020, the share of long-term debt in the total outstanding debt remained unchanged at 98%. The weighted average interest rate is around 7%.

As of 30 September 2020, MHP's cash and cash equivalents amounted to US$ 305 million. Net debt increased to US$ 1,156 million, compared to US$ 1,139 million as at 31 December 2019, but was US$ 137 million lower than as at 30 September 2019.

The Net Debt / LTM adjusted EBITDA (net of IFRS 16) ratio was 3.33 as of 30 September 2020, higher than the limit of 3.0 defined in the Eurobond agreement. Although exceeding the ratio of 3.0 does not constitute a breach of any covenant under the indebtedness agreement, this leads to the introduction of additional control measures by MHP. In particular, MHP required to supervise and assess incurrence of additional indebtedness, restricted payments (such as dividend distributions and investments in third parties), mergers with third parties outside of the Group, and granting of any financing to third parties.

These measures became effective on the date of publication of the audited consolidated financial statements for the year ended 31 December 2019 on April 2020.

As a hedge for currency risks, revenue from the export of grain, sunflower and soybean oil, sunflower husks, and chicken meat which are denominated in US Dollars and Euros, are more than sufficient to cover debt service expenses. Export revenue for 9M 2020 amounted to US$ 761 million or 54% of total revenue (US$ 869 million or 58% of total sales in 9M 2019).

Outlook

The first nine months of 2020 have been extremely challenging, with the disruptive effects of the COVID-19 pandemic, avian influenza in Ukraine which resulted in the temporary closure of some export markets in the first quarter, over-supply and resulting high stock levels in European markets, lower poultry prices globally, crop yields adversely affected by the worst weather conditions in central Ukraine for at least 30 years, and volatile exchange rates.

In spite of these headwinds, in the first nine months the Company delivered an operating profit down only 11% on the same period in 2019. Although the outlook for the fourth quarter is as yet unclear, we expect increasing grain prices and the continuing rebalancing of poultry sales to more profitable export markets to largely offset the effects of lower poultry prices in Europe.

Longer term, we expect poultry prices in our major markets to adjust gradually in response to increased production costs driven by higher grain prices. The Company also expects to derive increasing benefit from its shift towards a more value-added strategy and the development of antibiotic-free products to be sold initially under its Nasha Ryaba brand.

Notes to Editors:

About MHP

MHP is the leading producer of poultry products in Ukraine and the Balkans (Perutnina Ptuj Group).

Ukraine: MHP has the highest share of the poultry market (around 57% of industrial production) and the strongest brand recognition for its products. MHP owns and operates each of the key stages of chicken production processes, from feed grains and fodder production to egg hatching and grow out to processing, marketing, distribution and sales (including through MHP's franchise outlets). Vertical integration reduces MHP's dependence on suppliers and its exposure to increases in raw material prices. In addition to cost efficiency, vertical integration also allows MHP to maintain strict biosecurity and to control the quality of its inputs and the resulting quality and consistency of its products through to the point of sale.

MHP also has a leading grain cultivation business growing corn to support the vertical integration of its chicken production and increasingly other grains, such as wheat and rape, for sale to third parties. MHP leases agricultural land located primarily in the highly fertile black soil regions of Ukraine.

The Balkans: Perutnina Ptuj is a leading poultry and meat-processing producer in the Balkans, with production assets in four Balkan countries: Slovenia, Croatia, Serbia, Bosnia and Herzegovina. It owns distribution companies in Austria, Macedonia and Romania and supplies products to 15 countries in Europe. Perutnina Ptuj is vertically integrated across all stages of chicken meat production, including feed, hatching eggs, breeding, slaughtering and further poultry processing.

MHP trades on the London Stock Exchange under the symbol MHPC.

Forward-Looking Statements

This press release may contain forward-looking statements that refer to future events or forecast financial indicators for MHP SE. Such statements do not guarantee that these are actions to be taken by MHP SE in the future, and estimates can be inaccurate and uncertain. Actual final indicators and results can differ considerably from those declared in any forward-looking statements. MHP SE does not intend to change these statements to reflect actual results.

MHP SE AND ITS SUBSIDIARIES

Interim condensed consolidated Financial Statements

As of and for the nine-month period ended 30 September 2020

CONTENTS

STATEMENT OF MEMBERS OF THE BOARD OF DIRECTORS

In accordance with Article 10 of the Transparency Requirements (Securities for Trading on Regulated Market) Law 190(I)/2007 ("Law"), as amended, we the members of the Board of Directors of MHP SE confirm that to the best of our knowledge:

(a) the interim condensed consolidated financial statements for the period from 1 January 2020 to 30 September 2020 that are presented on pages 6 to 30:

i. were prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and in accordance with the provisions of Article 10 (4) of the Law, and

ii. give a true and fair view of the assets and liabilities, the financial position and the profits of MHP SE and the businesses that are included in the interim condensed consolidated financial statements, and

(b) the interim management report gives a fair review of the information required under Article 10 (6) of the Law.

17 November 2020

Members of the Board of Directors:

Chief Executive Officer	Yuriy Kosyuk
Chief Financial Officer	Viktoria Kapelyushnaya
Director	Yuriy Melnyk
Director	John Grant
Director	John Clifford Rich
Director	Roger Wills
Director	Christakis Taoushanis
Director	Roberto Banfi
Director	Philip J Wilkinson

MANAGEMENT REPORT

Key financial highlights

During the nine-month period ended 30 September 2020 consolidated revenue decreased by 6% to USD 1,414,017 thousand, compared to USD 1,504,547 thousand for the nine-month period ended 30 September 2019. The decrease in revenue was mainly attributable to a decline in the price of chicken meat sold as well as a decrease of grain sales due to the lower amount of crops in stock designated for sale as of 31 December 2019; this was partly offset by inclusion in 2020 of the results of Perutnina Ptuj for the full nine-month period compared with the period from 21 February 2019 when the acquisition of Perutnina Ptuj was completed. Export sales for the nine-month period ended 30 September 2020 constituted 54% of total revenue at USD 761,244 thousand, compared to USD 869,324 thousand, and 58% of total revenue for the nine-month period ended 30 September 2019. The decrease in export revenue was mainly attributable to an avian influenza outbreak in Ukraine in the first quarter 2020 which caused a temporary cessation of exports from Ukraine to the EU and certain MENA markets as well as the impact of the COVID-19 pandemic since March 2020.

Gross profit decreased by 7% to USD 322,399 thousand for the nine-month period ended 30 September 2020 compared to USD 345,921 thousand for the nine-month period ended 30 September 2019. The decrease was driven mainly by a decrease of the gross profit in the poultry and related operations segment, partly offset by an increase in the European operating segment.

Operating profit decreased by 11% to USD 194,410 thousand for the nine-month period ended 30 September 2020 compared to USD 217,997 thousand for the nine-month period ended 30 September 2019, which is at a higher rate compared to gross profit, mainly as a result of an increase in administration, sales and distribution expenses primarily due to the inclusion of additional expenses of Perutnina Ptuj as well as increased logistics costs and warehouse rent.

Continuing operations recorded a loss of USD 107,617 thousand for the nine-month period ended 30 September 2020 compared to a profit USD of 278,432 thousand for the nine-month period ended 30 September 2019. The loss in 2020 was mainly due to an unrealized foreign exchange loss of USD 190,500 thousand for the nine-month period ended 30 September 2020, mostly attributable to the effect of the UAH depreciation against the USD and EUR on bonds and bank borrowings denominated in foreign currencies; this compared to a foreign exchange gain of USD 182,045 thousand for the nine-month period ended 30 September 2019.

The management believes these key performance indicators are frequently used by investors, analysts and stakeholders to evaluate the efficiency of the Group's operations. For further information please refer to page 6 in the interim condensed consolidated financial statements for the nine-month period ended 30 September 2020.

Related parties

During the nine-month periods ended 30 September 2020 and 30 September 2019 the Group entered into transactions with related parties that are under common control of the Principal Shareholder of the Group (Note 1) in the ordinary course of business. Detailed information on operations with related parties is disclosed in Note 14.

Dividends

On 13 April 2020, the Board of Directors approved payment of an interim dividend of USD 0.2803 per share, equivalent to USD 30,000 thousand to shareholders on the register as of 24 April 2020. The Board of Directors approved that no dividend will be paid on the Company's shares held in treasury. As at 30 September 2020 dividends had been fully paid to shareholders.

Risks and uncertainties

There are a number of potential risks and uncertainties, which could have a material impact on the Group's performance over the remaining three months of the financial year and could cause actual results to differ materially from expected and historical results.

The directors do not consider that the principal risks and uncertainties, except as disclosed below, have changed since the publication of the annual report for the year ended 31 December 2019. A detailed explanation of the risks, and how the Group seeks to mitigate these risks, can be found on pages 145 to 149 of the annual report which is available at www.mhp.com.cy.

COVID-19

In early 2020 a new coronavirus disease (COVID-19) spread rapidly all over the world resulting in the announcement of pandemic status by the World Health Organization in March 2020.

The world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life.

COVID-19 had an adverse impact on Q2 2020 earnings, mainly because of the impact on prices and exported volumes as many global competitors were experiencing reduced demand and resulting excess capacity. In Q3 2020 the situation stabilized temporarily, although it still could negatively impact the remainder of 2020 and potentially 2021. These challenges could increase our operating costs and negatively impact our volumes. Management cannot currently predict the ultimate impact that COVID-19 will have on short and long-term demand, as it will depend on, among other things, the severity and duration of the COVID-19 crisis.

Management has concluded that the event does not have an immediate material impact on the business operations. The Company's liquidity is expected to be adequate to continue to run operations and meet obligations as they become due in the foreseeable future.

17 November 2020

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the nine-month period ended 30 September 2020
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Nine-month period ended 30 September*		*Three-month period ended 30 September*	
		2020	*2019*	*2020*	*2019*
Revenue	*4, 5*	1,414,017	1,504,547	546,569	559,820
Net change in fair value of biological assets and agricultural produce	*4*	29,180	18,199	(17,149)	(22,946)
Cost of sales		(1,120,798)	(1,176,825)	(426,035)	(442,998)
Gross profit	*6*	322,399	345,921	103,385	93,876
Selling, general and administrative expenses		(134,494)	(121,323)	(46,225)	(47,395)
Other operating income/(expenses), net		6,505	1,132	(791)	1,044
Loss on impairment of property, plant and equipment		-	(7,733)	-	(7,733)
Operating profit	*6*	194,410	217,997	56,369	39,792
Finance income		10,483	5,741	2,734	1,528
Finance costs	*12, 13*	(108,014)	(107,894)	(34,978)	(34,348)
Foreign exchange (loss)/gain, net		(190,500)	182,045	(61,028)	109,349
Other expenses, net		(7,127)	(6,001)	(1,919)	(2,224)
(Loss)/Profit before tax		(100,748)	291,888	(38,822)	114,097
Income tax expenses		(6,869)	(13,456)	(8,166)	(8,366)
(Loss)/Profit for the period from continuing operations	*6*	(107,617)	278,432	(46,988)	105,731
Discontinued operations					
Loss for the year from discontinued operations	*3*	(1,482)	(2,900)	-	(1,680)
(Loss)/Profit for the period		(109,099)	275,532	(46,988)	104,051

The accompanying notes on the pages 13 to 30 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the nine-month period ended 30 September 2020

(in thousands of US dollars, unless otherwise indicated)

	Notes	*Nine-month period ended 30 September*		*Three-month period ended 30 September*	
		2020	*2019*	*2020*	*2019*
Other comprehensive income					
Items that will not be reclassified to profit or loss:					
Effect of revaluation of property, plant and equipment		-	216,672	-	216,672
Deferred tax on revaluation of property, plant and equipment charged directly to other comprehensive income as result of intercompany sales		985	(10,269)	985	(13,784)
Items that may be reclassified to profit or loss:					
Cumulative translation difference on retranslation to group's presentation currency		(208,756)	141,182	(58,714)	86,383
Other comprehensive (loss)/income for the period		(207,771)	347,585	(57,729)	289,271
Total comprehensive (loss)/income for the period		(316,870)	623,117	(104,717)	393,322
(Loss)/Profit attributable to:					
Equity holders of the Parent		(112,255)	275,530	(45,021)	106,161
Non-controlling interests		3,156	2	(1,967)	(2,110)
		(109,099)	275,532	(46,988)	104,051
Total comprehensive (loss)/income attributable to:					
Equity holders of the Parent		(317,797)	617,803	(102,045)	391,321
Non-controlling interests		927	5,314	(2,672)	2,001
		(316,870)	623,117	(104,717)	393,322
(Loss)/Earnings per share from continuing and discontinued operations					
Basic and diluted (loss)/earnings per share (USD per share)		(1.05)	2.57	(0.42)	0.99
(Loss)/Earnings per share from continuing operations					
Basic and diluted (loss)/earnings per share (USD per share)		(1.03)	2.60	(0.42)	1.01

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 13 to 30 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION as of 30 September 2020

(in thousands of US dollars, unless otherwise indicated)

	Notes	30 September 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,680,009	2,049,298
Right-of-use asset		200,843	229,244
Goodwill	3	67,399	64,843
Non-current biological assets		25,002	29,652
Long-term bank deposits		3,462	3,298
Deferred tax assets		1,529	2,284
Intangible assets		96,322	106,522
Other non-current assets		39,238	23,713
		2,113,804	2,508,854
Current assets			
Inventories		165,131	208,389
Biological assets	10	306,731	205,747
Agricultural produce	9	145,491	215,816
Other current assets, net		70,999	52,573
Taxes recoverable and prepaid, net		29,882	30,030
Trade accounts receivable, net		120,476	124,474
Cash and cash equivalents		305,339	340,735
Assets classified as held for sale	3	-	3,877
		1,144,049	1,181,641
TOTAL ASSETS		3,257,853	3,690,495
EQUITY AND LIABILITIES			
Equity			
Share capital	11	284,505	284,505
Treasury shares		(44,593)	(44,593)
Additional paid-in capital		174,022	174,022
Revaluation reserve		666,655	862,435
Retained earnings		1,202,623	1,148,113
Translation reserve		(1,048,715)	(842,188)
Equity attributable to equity holders of the Parent		1,234,497	1,582,294
Non-controlling interests		14,499	13,572
Total equity		1,248,996	1,595,866
Non-current liabilities			
Bank borrowings	12	64,525	75,880
Bonds issued	13	1,369,754	1,365,669
Lease liabilities	16,17	128,720	151,789
Deferred income	7	42,737	49,933
Deferred tax liabilities		42,954	55,305
Other non-current liabilities		6,086	5,872
		1,654,776	1,704,448
Current liabilities			
Trade accounts payable		162,002	147,334
Other current liabilities		52,935	70,701
Advances received		23,825	61,293
Bank borrowings	12	25,046	24,945
Interest payable	12,13	35,102	21,789
Lease liabilities	16,17	55,171	64,074
Liabilities directly associated with assets classified as held for sale	3	-	45
		354,081	390,181
TOTAL LIABILITIES		2,008,857	2,094,629
TOTAL EQUITY AND LIABILITIES		3,257,853	3,690,495

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 13 to 30 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine-month period ended 30 September 2020
(in thousands of US dollars, unless otherwise indicated)

	Attributable to equity holders of the Parent								
	Share capital	*Treasury shares*	*Additional paid-in capital*	*Revaluation reserve*	*Retained earnings*	*Translation reserve*	*Total*	*Non-controlling interests*	*Total equity*
Balance as of 1 January 2020	284,505	(44,593)	174,022	862,435	1,148,113	(842,188)	1,582,294	13,572	1,595,866
Loss for the period	-	-	-	-	(112,255)	-	(112,255)	3,156	(109,099)
Other comprehensive loss	-	-	-	985	-	(206,527)	(205,542)	(2,229)	(207,771)
Total comprehensive loss for the period	-	-	-	985	(112,255)	(206,527)	(317,797)	927	(316,870)
Transfer from revaluation reserve to retained earnings	-	-	-	(60,730)	60,730	-	-	-	-
Dividends declared by the Parent *(Note 18)*	-	-	-	-	(30,000)	-	(30,000)	-	(30,000)
Translation differences on revaluation reserve	-	-	-	(136,035)	136,035	-	-	-	-
Balance as of 30 September 2020	284,505	(44,593)	174,022	666,655	1,202,623	(1,048,715)	1,234,497	14,499	1,248,996

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 13 to 30 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the nine-month period ended 30 September 2019
(in thousands of US dollars, unless otherwise indicated)

	Attributable to equity holders of the Parent								
	Share capital	*Treasury shares*	*Additional paid-in capital*	*Revaluation reserve*	*Retained earnings*	*Translation reserve*	*Total*	*Non-controlling interests*	*Total equity*
Balance as of 1 January 2019	284,505	(44,593)	174,022	642,800	1,040,327	(1,015,591)	1,081,470	16,536	1,098,006
Profit for the period	-	-	-	-	275,530	-	275,530	2	275,532
Other comprehensive income	-	-	-	206,072	-	136,199	342,271	5,314	347,585
Total comprehensive income for the period	-	-	-	206,072	275,530	136,199	617,801	5,316	623,117
Transfer from revaluation reserve to retained earnings	-	-	-	(56,503)	56,503	-	-	-	-
Dividends declared by the Parent	-	-	-	-	(80,000)	-	(80,000)	-	(80,000)
Dividends declared by subsidiaries	-	-	-	-	-	-	-	(6,082)	(6,082)
Non-controlling interests acquired	-	-	-	-	-	-	-	14,758	14,758
Increase of Group's effective ownership interest in subsidiaries	-	-	-	-	(5,861)	-	(5,861)	(14,480)	(20,341)
Translation differences on revaluation reserve	-	-	-	91,598	(91,598)	-	-	-	-
Balance as of 30 September 2019	284,505	(44,593)	174,022	883,967	1,194,901	(879,392)	1,613,410	16,048	1,629,458

On behalf of the Board:

Chief Executive Officer Yuriy Kosyuk

Chief Financial Officer Viktoria Kapelyushnaya

The accompanying notes on the pages 13 to 30 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine-month period ended 30 September 2020
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Nine-month period ended 30 September 2020*	*Nine-month period ended 30 September 2019*
Operating activities			
(Loss)/Profit before tax		(100,748)	291,888
Non-cash adjustments to reconcile profit before tax to net cash flows			
Loss before tax from discontinued operations		(1,482)	(2,900)
Depreciation and amortization expense	*4*	136,959	131,214
Net change in fair value of biological assets and agricultural produce	*4*	(29,180)	(18,199)
Change in allowance for irrecoverable amounts and direct write-offs		2,294	820
Loss on disposal of property, plant and equipment and other non-current assets		775	387
Reverse/Loss on Impairment of PPE		-	7,733
Finance income		(10,483)	(5,741)
Finance costs		108,014	107,894
Released deferred income		(1,127)	(1,321)
Non-operating foreign exchange loss/(gain), net		190,500	(182,045)
Operating cash flows before movements in working capital		295,522	329,730
Working capital adjustments			
Change in inventories		13,050	112,646
Change in biological assets	*10*	(92,319)	(56,314)
Change in agricultural produce	*9*	35,411	24,910
Change in other current assets		133	(2,714)
Change in taxes recoverable and prepaid		(7,507)	3,811
Change in trade accounts receivable		(6,596)	(12,927)
Change in advances received		(28,662)	(762)
Change in other liabilities		1,785	(29,774)
Change in trade accounts payable		26,393	41,244
Cash generated by operations		237,210	409,850
Interest received		8,742	5,563
Interest paid		(95,578)	(89,577)
Income taxes paid		(12,341)	(5,882)
Net cash flows (used in)/from operating activities		138,033	319,954
Investing activities			
Purchases of property, plant and equipment	*8*	(53,048)	(92,467)
Purchases of other non-current assets		(5,066)	(3,168)
Proceeds from disposals of property, plant and equipment		2,196	1,909
Proceeds from disposals of assets held for sale	*3*	2,700	-
Purchases of non-current biological assets		(437)	(244)
Government grants received	*7*	-	7,995
Additions to right-of-use assets		(3,274)	(2,331)
Acquisition of subsidiaries, net of cash acquired	*3*	-	(205,724)
Investments in short-term deposits		(193)	-
Loans provided to employees, net		(1,184)	(3,344)
Loans provided to related parties		(36,080)	(17,456)
Loans repaid by related parties		-	10,115
Net cash flows used in investing activities		(94,386)	(304,715)
Financing activities			
Proceeds from bank borrowings		76,604	212,405
Repayment of bank borrowings		(93,094)	(378,418)
Proceeds from bonds issued		-	350,000
Repayment of lease liabilities		(14,884)	(19,579)
Dividends paid	*18*	(30,000)	(80,000)
Dividends paid by subsidiaries to non-controlling shareholders		(930)	(5,249)
Acquisition of non-controlling interest	*3*	-	(20,341)
Transaction costs related to corporate bonds issued		-	(2,660)
Transaction costs related to bank loans received		-	(697)
Net cash flows used in financing activities		(62,304)	55,461

The accompanying notes on the pages 13 to 30 form an integral part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
for the nine-month period ended 30 September 2020
(in thousands of US dollars, unless otherwise indicated)

	Notes	*Nine-month period ended 30 September 2020*	*Nine-month period ended 30 September 2019*
Net decrease in cash and cash equivalents		(18,657)	70,700
Net foreign exchange difference on cash and cash equivalents		(16,739)	5,302
Cash and cash equivalents at 1 January		340,735	211,768
Cash and cash equivalents at 30 September		305,339	287,770
Non-cash transactions			
Additions of property, plant and equipment financed through direct bank-lender payments to the vendor		-	1,672
Revaluation of property, plant and equipment		-	208,939
Property, plant and equipment purchased for credit		-	2,419
Non-cash repayments of lease liabilities		5,727	5,853

On behalf of the Board:

Chief Executive Officer — Yuriy Kosyuk

Chief Financial Officer — Viktoria Kapelyushnaya

The accompanying notes on the pages 13 to 30 form an integral part of these interim condensed consolidated financial statements

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the nine-month period ended 30 September 2020
(in thousands of US dollars, unless otherwise indicated)

1. Corporate information

MHP SE (the "Parent" or "MHP SE"), a limited liability company (Societas Europaea) registered under the laws of Cyprus, was formed on 30 May 2006. Hereinafter, MHP SE and its subsidiaries are referred to as the "MHP SE Group" or the "Group". The registered address of MHP SE is 16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus.

The controlling shareholder of MHP SE is Mr. Yuriy Kosyuk ("Principal Shareholder"), who owns 100% of the shares of WTI Trading Limited ("WTI"), which is the immediate majority shareholder of MHP SE, which in turn directly owns of 59,7% of the total outstanding share capital of MHP SE.

The principal business activities of the Group are poultry and related operations, grain growing, as well as meat processing and other agricultural operations. The Group's poultry and related operations integrate all functions related to the production of chicken, including hatching, fodder manufacturing, raising chickens to marketable age ("grow-out"), processing and marketing of branded chilled products and include the production and sale of chicken products, vegetable oil, mixed fodder. Grain growing comprises the production and sale of grains. Meat processing and other agricultural operations comprise the production and sale of cooked meat, sausages, convenience food products, milk and feed grains. As of 30 September 2020 the Group employed 31,266 people (31 December 2019: 31,427 people).

The primary subsidiaries, the principal activities of the companies forming the Group and the Parent's effective ownership interest as of 30 September 2020 and 31 December 2019 were as follows:

Name	*Country of registration*	*Year established/ acquired*	*Principal activities*	*30 September 2020*	*31 December 2019*
Raftan Holding Limited	Cyprus	2006	Sub-holding Company	100.0%	100.0%
Hemiak Investments Limited	Cyprus	2018	Sub-holding Company	100.0%	100.0%
MHP Lux S.A.	Luxembourg	2018	Finance Company	100.0%	100.0%
Myronivsky Hliboprodukt	Ukraine	1998	Management, marketing and sales	99.9%	99.9%
Myronivsky Plant of Manufacturing Feeds and Groats	Ukraine	1998	Fodder and vegetable oil production	88.5%	88.5%
Vinnytska Ptakhofabryka	Ukraine	2011	Chicken farm	100.0%	99.9%
Peremoga Nova	Ukraine	1999	Breeder farm	99.9%	99.9%
Oril-Leader	Ukraine	2003	Chicken farm	99.9%	99.9%
Myronivska Pticefabrika	Ukraine	2004	Chicken farm	99.9%	99.9%
Starynska Ptakhofabryka	Ukraine	2003	Breeder farm	100.0%	100.0%
Zernoprodukt MHP	Ukraine	2005	Grain cultivation	99.9%	99.9%
Katerinopilskiy Elevator	Ukraine	2005	Fodder production and grain storage, vegetable oil production	99.9%	99.9%
SPF Urozhay	Ukraine	2006	Grain cultivation	99.9%	99.9%
Agrofort	Ukraine	2006	Grain cultivation	99.9%	99.9%
Urozhayna Krayina	Ukraine	2010	Grain cultivation	99.9%	99.9%
Ukrainian Bacon	Ukraine	2008	Meat processing	79.9%	79.9%
AgroKryazh	Ukraine	2013	Grain cultivation	51.0%	51.0%
Agro-S	Ukraine	2013	Grain cultivation	51.0%	51.0%
Zakhid-Agro MHP	Ukraine	2015	Grain cultivation	100.0%	100.0%
Perutnina Ptuj d.d.	Slovenia	2019	Poultry production	100.0%	100.0%
MHP Trading FZE	United Arab Emirates	2018	Trading in vegetable oil and poultry meat	100.0%	100.0%
MHP Food Trading	United Arab Emirates	2016	Trading in vegetable oil and poultry meat	100.0%	100.0%
MHP B.V.	Netherlands	2014	Trading in poultry meat	100.0%	100.0%
MHP Trade B.V.	Netherlands	2018	Trading in poultry meat	100.0%	100.0%

The Group's primary operational facilities are located in different regions of Ukraine as well as in Southeast Europe, including Slovenia, Serbia, Croatia and Bosnia and Herzegovina.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2020

(in thousands of US dollars, unless otherwise indicated)

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the nine-month period ended 30 September 2020 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union.

Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been condensed or omitted. However, such information reflects all adjustments (consisting of normal recurring adjustments), which are, in the opinion of the Group management, necessary to fairly state the results of interim periods. Interim results are not necessarily indicative of the results to be expected for the full year.

These interim condensed consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

The 31 December 2019 statement of financial position was derived from the audited consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. Audited consolidated financial statements are available at www.mhp.com.cy.

Adoption of new and revised International Financial Reporting Standards

The adoption of the new or revised Standards did not have any effect on the financial position or performance of the Group and did not result in any changes to the Group's accounting policies and the amounts reported in the interim condensed consolidated financial statements of the Group.

Functional and presentation currencies

The functional currency of Ukrainian companies of the Group is the Ukrainian Hryvnia ("UAH"); the functional currency of the Cyprus companies and Luxembourg company of the Group is US Dollars ("USD"), the functional currency of the Slovenian companies of the Group is EURO ("EUR"). Transactions in currencies other than the functional currency of the entities concerned are treated as transactions in foreign currencies. Such transactions are initially recorded at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in such currencies are translated at the rates prevailing on the reporting date. All realized and unrealized gains and losses arising on exchange differences are recognized in the consolidated statement of profit or loss and other comprehensive income for the period.

These consolidated financial statements are presented in US Dollars ("USD"), which is the Group's presentation currency.

The results and financial position of the Group are translated into the presentation currency using the following procedures:

- Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate as of the reporting date of that statement of financial position;
- Income and expenses for each consolidated statement of profit or loss and other comprehensive income are translated at exchange rates at the dates of the transactions;
- All resulting exchange differences are recognized as a separate component of equity;
- All equity items, except for the revaluation reserve, are translated at the historical exchange rate. The revaluation reserve is translated at the closing rate as of the date of the statement of financial position.

For practical reasons, the Group translates items of income and expenses for each period presented in the financial statements using the quarterly average exchange rates, if such translations reasonably approximate the results translated at exchange rates prevailing at the dates of the transactions.

The following exchange rates were used:

Currency	*Closing rate as of 30 September 2020*	*Average for nine months ended 30 September 2020*	*Average for three months ended 30 September 2020*	*Closing rate as of 31 December 2019*	*Average for nine months ended 30 September 2019*	*Average for three months ended 30 September 2019*
UAH/USD	28.2989	26.5261	27.5996	23.6862	26.3687	25.2613
UAH/EUR	33.1309	29.8292	32.2429	26.4220	29.6436	28.1009

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2020

(in thousands of US dollars, unless otherwise indicated)

2. Basis of preparation and accounting policies *(continued)*

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2019.

Reclassifications and revisions

Certain comparative information presented in the interim condensed consolidated financial statements for the nine-month period ended 30 September 2019 has been revised in order to achieve comparability with the presentation used in the interim condensed consolidated financial statements for the nine-month period ended 30 September 2020. Such reclassifications and revisions were not significant to the Group financial statements.

Seasonality of operations

Poultry and related operations, European operating segment and Meat processing and other agricultural operations are not significantly exposed to seasonal fluctuations.

Grain growing segment, due to seasonality and implications of IAS 41, in the first half of the year mainly reflects sales of carried forward agricultural produce and the effect of biological assets revaluation, while during the second half of the year it reflects sales of crops and the effect of revaluation of agricultural produce harvested during the year. Also, the grain growing segment has seasonal requirements for working capital increase from November to May, due to the sowing campaign.

3. Changes in the group structure

Discontinued operation

During the three-month period ended 31 March 2020, according to management's plan, the Group disposed of the Snyatynska poultry farm, which was located in Ukraine and carried out goose meat and foie gras operations, and was previously presented within Meat processing and other agricultural operations segment.

As at 31 December 2019 the Snyatynska poultry farm has been classified and accounted for as a disposal group held for sale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

The net assets as of the date of disposal amounted to USD 3,303 thousand. The total cash consideration amounted to USD 2,700 thousand, which was received during this reporting period.

For further information about the discontinued operation please refer to Note 2 in the consolidated financial statements of the Group as of and for the year ended 31 December 2019.

Acquisitions

On 21 February 2019, the Group acquired 90.69% of the issued share capital and thereby obtained control of Perutnina Ptuj, a Slovenian based international meat-processing company, who is a producer of poultry meat and poultry meat products in Southeast Europe. Perutnina Ptuj together with its subsidiaries has a production capacity of 55,000 tonnes per annum of poultry meat and more than 35,000 tonnes per annum of value-added meat products. Perutnina Ptuj was acquired in line with MHP's strategy and will provide a platform for further development and opportunities in the EU with further capacity expansion planned over the next 3 to 5 years.

The final fair values of identifiable assets acquired and liabilities assumed and any non-controlling interests are as set out in the table below.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the nine-month period ended 30 September 2020
(in thousands of US dollars, unless otherwise indicated)

3. Changes in the group structure *(continued)*

Acquisitions *(continued)*

	21 February 2019
Inventories	35,371
Biological assets	8,721
Trade accounts receivable, net	36,198
Cash and cash equivalents	20,986
Other current liabilities less other current assets	(8,103)
Property, plant and equipment	179,581
Right-of-use asset	14,564
Identifiable intangible assets	53,448
Trade accounts payable	(34,283)
Deferred tax liabilities net of deferred tax assets	(18,338)
Other non-current liabilities less other non-current assets	(6,073)
Bank borrowings and lease liabilities [1)]	(74,960)
Contingent liabilities	(3,092)
Total identifiable assets	**204,020**
Goodwill	61,518
Non-controlling interest of in 7.61 % of Perutnina Ptuj [2)]	(15,526)
Total consideration due and payable	**250,012**
Net cash outflow arising on acquisition:	
Cash consideration paid	250,012
Less: amount paid in 2018	(23,302)
Less: cash and cash equivalent balances acquired	(20,986)
	205,724

1) includes USD 16,466 thousand of lease liabilities recognised in accordance with the adoption of IFRS 16.
2) At the date of acquisition, there were 200,488 treasury shares

The final fair value of the total identifiable assets acquired was increased by USD 10,087 thousand from previously reported provisional amounts mainly as a result of finalizing the necessary valuations of intangible assets.

The consideration was paid as follows: USD 23,302 thousand in 2018 as a prepayment and USD 226,710 thousand in 2019. Acquisition-related costs amounted to USD 2,689 thousand.

The fair value of the trade receivables is USD 36,198 thousand and a gross contractual value of USD 38,474 thousand. The best estimate at acquisition date of the contractual cash flows not to be collected is USD 2,276 thousand.

The goodwill of USD 61,518 thousand arising from the acquisition attributed to the expected synergies and other benefits from combining the assets and activities of Perutnina Ptuj with those of the Group:

- the acquisition was in line with the Group's strategy to extend a presence in EU markets. Perutnina Ptuj has production assets in four Balkan countries: Slovenia, Croatia, Serbia, Bosnia and Herzegovina; owns distribution companies in Austria, North Macedonia and Romania and supplies products to 15 countries in Europe. Perutnina has strong brands and customer base;
- Perutnina Ptuj has the ability to increase production of poultry products using existing production capacities. As a leading cost-efficient poultry producer, the Group has solid expertise in cost optimization and the management expects to improve the profitability of Perutnina Ptuj;
- Perutnina Ptuj will provide the Group a platform for further production capacity expansion in Europe.

None of the goodwill is expected to be deductible for income tax purposes.

The non-controlling interest (7.61% ownership interest Perutnina Ptuj) recognized at the acquisition date was measured as a proportionate share of the acquired entity's net identifiable assets and amounted to USD 15,526 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2020

(in thousands of US dollars, unless otherwise indicated)

3. Changes in the group structure *(continued)*

Changes in non-controlling interests in subsidiaries

Since acquisition date and up to 31 of December 2019, the Group increased its effective ownership interest in Perutnina Ptuj to 100% through the purchase of a non-controlling interest for the amount USD 20,341 thousand. The difference between the carrying value of the net assets acquired and the consideration paid was recognised as an adjustment to retained earnings in the amount of USD 5,119 thousand.

4. Segment information

The Group's business is managed on a worldwide basis, but operates manufacturing facilities and sales offices primarily in Ukraine and Europe.

Reportable segments are presented in a manner consistent with the internal reporting to the Group's chief operating decision maker ("CODM").

Segment information is analysed on the basis of the types of goods supplied by the Group's operating divisions. The Group's reportable segments under IFRS 8 are as follows:

Poultry and related operations segment:	• sales of chicken meat • sales of vegetable oil and related products • other poultry related sales
Grain growing operations segment:	• sales of grain
Meat processing and other agricultural operations segment:	• sales of meat processing products and other meat • other agricultural operations (milk, feed grains and other)
European operating segment:	• sales of meat processing and chicken meat products in Southeast Europe

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Sales between segments are carried out at market prices. The segment result represents operating profit under IFRS before unallocated corporate expenses and loss on impairment of property, plant and equipment. Unallocated corporate expenses include management remuneration, representative expenses, and expenses incurred in respect of the maintenance of office premises. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

European operating segment primarily includes sales of chicken meat and meat processing products, produced in the facilities of Perutnina Ptuj. However, the CODM manages this as a single segment, on the basis that each of research, development, manufacture, distribution and selling of chicken meat and meat processing products requires single marketing strategies, centralised budgeting process and centralised management of production operations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2020

(in thousands of US dollars, unless otherwise indicated)

4. Segment information *(continued)*

The following table presents revenue and profit information regarding the Group's operating segments for the nine-month period ended 30 September 2020:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	970,066	90,258	106,052	247,641	1,414,017	-	1,414,017
Sales between business segments	26,461	138,148	260	-	164,869	(164,869)	-
Total revenue	996,527	228,406	106,312	247,641	1,578,886	(164,869)	1,414,017
Segment results	106,765	61,195	9,561	26,375	203,896	-	203,896
Unallocated corporate expenses							(9,486)
Other expenses, net [1]							(295,158)
Profit before tax from continuing operations							(100,748)
Other information:							
Depreciation and amortization expense [2]	73,391	44,305	5,132	13,733	136,561	-	136,561
Net change in fair value of biological assets and agricultural produce	(10,733)	38,996	(307)	1,224	29,180	-	29,180

[1] Includes finance income, finance costs, foreign exchange gain (net) and other expenses (net).

[2] Depreciation and amortization for the nine-month period ended 30 September 2020 does not include unallocated depreciation and amortization in the amount of USD 662 thousand.

The following table presents revenue and profit information regarding the Group's operating segments for the nine-month period ended 30 September 2019:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	1,030,542	174,280	106,783	192,942	1,504,547	-	1,504,547
Sales between business segments	44,011	163,907	343	-	208,261	(208,261)	-
Total revenue	1,074,553	338,187	107,126	192,942	1,712,808	(208,261)	1,504,547
Segment results	166,637	53,132	6,901	17,010	243,680	-	243,680
Unallocated corporate expenses							(17,950)
Loss on impairment of property, plant and equipment							(7,733)
Other expenses, net [1]							73,891
Profit before tax from continuing operations							291,888
Other information:							
Depreciation and amortization expense [2]	71,355	41,909	5,484	11,883	130,631	-	130,631
Net change in fair value of biological assets and agricultural produce	12,196	7,702	(1,284)	(415)	18,199	-	18,199

[1] Includes finance income, finance costs, foreign exchange gain (net) and other expenses (net).

[2] Depreciation and amortization for the nine-month period ended 30 September 2019 does not include unallocated depreciation and amortization in the amount of USD 583 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2020

(in thousands of US dollars, unless otherwise indicated)

4. Segment information *(continued)*

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 30 September 2020:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	361,754	55,664	38,636	90,515	546,569	-	546,569
Sales between business segments	11,542	44,451	94	-	56,087	(56,087)	-
Total revenue	373,296	100,115	38,730	90,515	602,656	(56,087)	546,569
Segment results	34,998	12,359	4,351	8,311	60,019	-	60,019
Unallocated corporate expenses							(3,650)
Other expenses, net [1]							(95,191)
Profit before tax from continuing operations							(38,822)
Other information:							
Depreciation and amortization expense [2]	22,872	20,522	1,625	4,285	49,304	-	49,304
Net change in fair value of biological assets and agricultural produce	(16,960)	1,272	(678)	(783)	(17,149)	-	(17,149)

[1] Includes finance income, finance costs, foreign exchange gain (net) and other expenses (net).

[2] Depreciation and amortization for the three-month period ended 30 September 2020 does not include unallocated depreciation and amortization in the amount of USD 181 thousand.

The following table presents revenue and profit information regarding the Group's operating segments for the three-month period ended 30 September 2019:

	Poultry and related operations	*Grain growing operations*	*Meat processing and other agricultural operations*	*European operating segment*	*Total reportable segments*	*Eliminations*	*Consolidated*
External sales	342,780	91,120	40,282	85,638	559,820	-	559,820
Sales between business segments	23,479	67,483	205	-	91,167	(91,167)	-
Total revenue	366,259	158,603	40,487	85,638	650,987	(91,167)	559,820
Segment results	51,380	(8,220)	1,927	8,026	53,113	-	53,113
Unallocated corporate expenses							(5,588)
Loss on impairment of property, plant and equipment							(7,733)
Other expenses, net [1]							74,305
Profit before tax from continuing operations							114,097
Other information:							
Depreciation and amortization expense [2]	25,517	28,910	1,909	4,999	61,335	-	61,335
Net change in fair value of biological assets and agricultural produce	(4,590)	(18,269)	(375)	288	(22,946)	-	(22,946)

[1] Includes finance income, finance costs, foreign exchange gain (net) and other expenses (net).

[2] Depreciation and amortization for the three-month period ended 30 September 2019 does not include unallocated depreciation and amortization in the amount of USD 182 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2020

(in thousands of US dollars, unless otherwise indicated)

4. Segment information *(continued)*

Non-current assets based on the geographic location of the manufacturing facilities were as follows as of 30 September 2020 and 31 December 2019:

	2020	*2019*
Ukraine	1,831,523	2,251,447
Europe	243,858	234,209
	2,075,381	2,485,656

Non-current assets excluding deferred tax assets and non-current financial assets.

5. Revenue

Revenue for the nine-month and three-month periods ended 30 September 2020 and 2019 was as follows:

	Nine-month period ended 30 September		*Three-month period ended 30 September*	
	2020	*2019*	*2020*	*2019*
Poultry and related operations segment				
Chicken meat	687,206	751,286	264,278	251,240
Vegetable oil and related products	202,435	211,735	71,286	70,496
Shipping and handling services	48,451	42,680	14,840	13,411
Other poultry related sales	31,974	24,841	11,350	7,633
	970,066	1,030,542	361,754	342,780
Grain growing operations segment				
Grain	86,160	159,179	53,239	85,608
Shipping and handling services	4,098	15,101	2,425	5,512
	90,258	174,280	55,664	91,120
Meat processing and other agricultural operations segment				
Other meat	81,624	82,172	30,573	32,397
Other agricultural sales	20,974	20,572	6,890	6,321
Shipping and handling services	3,454	4,039	1,173	1,564
	106,052	106,783	38,636	40,282
European operating segment				
Chicken meat	124,640	99,134	43,728	41,421
Other meat	95,933	70,786	37,388	34,449
Other agricultural sales	22,951	19,703	8,785	9,145
Shipping and handling services	4,117	3,319	614	623
	247,641	192,942	90,515	85,638
	1,414,017	1,504,547	546,569	559,820

The geographic structure of revenue for the nine-month and three-month periods ended 30 September 2020 and 2019 was as follows:

	Nine-month period ended 30 September		*Three-month period ended 30 September*	
	2020	*2019*	*2020*	*2019*
Export	761,244	869,324	308,523	316,906
Domestic	652,773	635,223	238,046	242,914
	1,414,017	1,504,547	546,569	559,820

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2020
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6. Profit for the period

The Group's gross profit for the nine-month period ended 30 September 2020 decreased compared to the nine-month period ended 30 September 2019 and amounted to USD 322,399 thousand and USD 345,921 thousand, respectively. The decrease was driven mainly by lower gross profit in the poultry and related operations segment, partly offset by increase in the European operating segment.

The Group's operating profit decreased mainly due to an increase in administration, sales and distribution expenses primarily due to the inclusion of the additional expenses of Perutnina Ptuj as well as increased logistics costs and warehouse rent.

Continuing operations recorded a loss of USD 107,617 thousand for the nine-month period ended 30 September 2020 compared to a profit of USD 278,432 thousand for the nine-month period ended 30 September 2019. The loss in 2020 was mainly due to an unrealized foreign exchange loss of USD 190,500 thousand for the nine-month period ended 30 September 2020, mostly attributable to the effect of UAH depreciation against USD and EUR on bonds and bank borrowings denominated in foreign currencies; this compared to a foreign exchange gain of USD 182,045 thousand for the nine-month period ended 30 September 2019.

7. Deferred income

The Ukrainian Government supports domestic agri producers to encourage investment in the agricultural sector. During the year ended 31 December 2019, the Group received government grants for construction and reconstruction of livestock farms in an amount of UAH 198,563 thousand (USD 7,554 thousand) and compensation for purchase of agricultural machinery produced in Ukraine in amount of UAH 10,239 thousand (USD 395 thousand). During the nine-month period ended 30 September 2020, the Group has not received any government grants under these programs (nine-month period ended 30 September 2019: USD 5,996 thousand).

Government grants are presented in the statement of the financial position as deferred income, which are recognised in profit or loss on a systematic basis over the useful life of the related assets.

During the nine-month period ended 30 September 2020, the Group received government compensations in accordance with EU farming subsidies policy and other compensations in accordance with the EU national programs of employment, assigned contributions for employees, and refunds of excise duties totalling USD 4,868 thousand (year ended 31 December 2019: USD 4,063 thousand).

8. Property, plant and equipment

During the nine-months period ended 30 September 2019 the Group engaged independent appraiser to determine fair value of its Grain storage facilities, Vehicles and agricultural machinery, Utilities and infrastructure, Auxillary and other machinery as of 30 September 2019. The valuation, which conformed to International Valuation Standards, was determined using the market comparable approach adjusted based on age and condition of the machinery or for items of specialized nature-replacement cost method. The excess of fair value over carrying value in the amount of USD 216,672 thousand was recognized in revaluation reserve. The excess of carrying value over fair value in the amount of USD 7,733 thousand was recognized in the statement of comprehensive income as a loss on impairment.

During the nine-month period ended 30 September 2020, the Group's additions to property, plant and equipment amounted to USD 53,048 thousand (nine-month period ended 30 September 2019: USD 94,139 thousand) mainly related to investments in modernization projects and new products development, maintenance and Perutnina Ptuj production facilities.

There were no significant disposals of property, plant and equipment during the nine-month periods ended 30 September 2020 and 30 September 2019.

The remaining part of the movement mainly relates to translation differences into the presentation currency.

9. Agricultural produce

A decrease of agricultural produce balances for nine-month period ended 30 September 2020 was mainly as a result of internal consumption of corn, sunflower, wheat and soya partly offset by harvest of current year.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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10. Biological assets

The increase in current biological assets as compared to 31 December 2019 is primarily related to crops in fields balance. The increase in crops in fields balance mainly relates to spring crops seeded in the first half of 2020 classified as biological assets as well as due to IAS 41 revaluation adjustment.

11. Share capital

As of 30 September 2020 and 31 December 2019 the authorized, issued and fully paid share capital of MHP SE comprised the following number of shares:

	30 September 2020	*31 December 2019*
Number of shares issued and fully paid	110,770,000	110,770,000
Number of shares outstanding	107,038,208	107,038,208

The authorized share capital as of 30 September 2020 and 31 December 2019 was EUR 221,540 thousand represented by 110,770,000 shares with par value of EUR 2 each.

All shares have equal voting rights and rights to receive dividends, which are payable at the discretion of the Group.

12. Bank borrowings

The following table summarizes bank borrowings and credit lines outstanding as of 30 September 2020 and 31 December 2019:

		30 September 2020		*31 December 2019*	
Bank	*Currency*	*WAIR [1)]*	*USD' 000*	*WAIR [1)]*	*USD' 000*
Non-current					
Foreign banks	EUR	Libor + 3.94%	64,525	Libor + 4.00%	75,880
			64,525		75,880
Current					
Foreign banks	EUR	2.10%	783	2.72%	4,406
Foreign banks	UAH	7.16%	10,955		-
Current portion of long-term bank borrowings	EUR	Libor + 3.94%	13,308	Libor + 4.00%	20,539
			25,046		24,945
Total bank borrowings			89,571		100,825

[1)] WAIR represents the weighted average interest rate on outstanding borrowings.

The Group's borrowings are drawn from various banks as term loans, credit line facilities and overdrafts. Repayment terms of principal amounts of bank borrowings vary from monthly repayment to repayment on maturity depending on the agreement reached with each bank. Interest on borrowings drawn with foreign banks is payable semi-annually.

As of 30 September 2020 and 31 December 2019, the Group's bank term loans and credit lines bear floating and fixed interest rates.

Bank borrowings and credit lines outstanding as of 30 September 2020 and 31 December 2019 were repayable as follows:

	30 September 2020	*31 December 2019*
Within one year	25,046	24,945
In the second year	16,471	17,484
In the third to fifth year inclusive	48,054	27,837
After five years	-	30,559
	89,571	100,825

As of 30 September 2020, the Group had available undrawn facilities of USD 243,254 thousand (31 December 2019: USD 224,683 thousand). These undrawn facilities expire during the period from November 2020 until March 2023.

The Group, as well as particular subsidiaries of the Group have to comply with certain covenants imposed by the banks providing the loans. The Group shall ensure the ongoing compliance with the following maintenance covenants: EBITDA to interest expenses ratio, current ratio and liabilities to equity ratio.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2020

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12. Bank borrowings *(continued)*

Separately, there are negative covenants in respect of restricted payments, including dividends, capital expenditures, additional indebtedness and restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates in case of excess of Net Debt to EBITDA ratio.

The Group subsidiaries are also required to obtain approval from lenders regarding property, plant and equipment to be used as collateral. As of 30 September 2020 and 31 December 2019 the Group has complied with all covenants imposed by banks providing the borrowings.

As of 30 September 2020, the Group had borrowings of USD 46,391 thousand that were secured by property, plant and equipment with a carrying amount of USD 73,770 thousand (31 December 2019: USD 49,731 thousand and USD 99,978 thousand respectively).

As of 30 September 2020, the deposit with carrying amount of USD 3,462 thousand (31 December 2019: USD 3,298 thousand) was restricted as collateral to secure bank borrowings.

As of 30 September 2020 and 31 December 2019, interest payable on bank borrowings was USD 571 thousand and USD 1,033 thousand, respectively.

13. Bonds issued

Bonds issued and outstanding as of 30 September 2020 and 31 December 2019 were as follows:

	Carrying amount		*Nominal amount*	
	30 September 2020	*31 December 2019*	*30 September 2020*	*31 December 2019*
7.75% Senior Notes due in 2024	486,775	484,469	500,000	500,000
6.95% Senior Notes due in 2026	535,616	534,042	550,000	550,000
6.25% Senior Notes due in 2029	347,363	347,158	350,000	350,000
Unamortized debt issuance cost	-	-	(30,246)	(34,331)
Total bonds issued	1,369,754	1,365,669	1,369,754	1,365,669

As of 30 September 2020 and 31 December 2019, interest payable on bonds issued was USD 34,531 thousand and USD 20,756 thousand, respectively.

6.25% Senior Notes

On 19 September 2019, MHP Lux S.A., a public company with limited liability (société anonyme) incorporated in 2018 under the laws of the Grand Duchy of Luxembourg, issued USD 350,000 thousand 6.25% Senior Notes due in 2029 at par value. The funds received were used to satisfy and discharge the 8.25% Senior Notes due in April 2020, for debt refinancing and for general corporate purposes.

All expenses associated with the placement of the 6,25% Senior Notes amounted to USD 2,888 thousand and were capitalized.

The Senior Notes are jointly and severally guaranteed on a senior basis by MHP SE, Raftan Holding Limited, PrJSC “Oril – Leader”, PrJSC “Myronivska Pticefabrika”, “SPF “Urozhay” LLC, “Starynska Ptakhofabryka” ALLC, “Vinnytska Ptakhofabryka” LLC, “Peremoga Nova” SE, “Katerinopolskiy Elevator” LLC, PrJSC “Myronivsky Hliboproduct”, PrJSC “Zernoprodukt MHP” and PrJSC “Agrofort”.

Interest on the Senior Notes is payable semi-annually in arrears. These Senior Notes are subject to certain restrictive covenants including, but not limited to, limitations on the incurrence of additional indebtedness in excess of Net Debt to EBITDA ratio as defined by the indenture, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates. If the Group fails to comply with the covenants imposed, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may, upon written notice to the Group, declare all outstanding Senior Notes to be due and payable immediately. If a change of control occurs, the Group shall make an offer to each holder of the Senior Notes to purchase such Senior Notes at a purchase price in cash in an amount equal to 100% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

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13. Bonds issued *(continued)*

6.95% Senior Notes

On 3 April 2018, MHP Lux S.A., a public company with limited liability (société anonyme) incorporated in 2018 under the laws of the Grand Duchy of Luxembourg, issued USD 550,000 thousand 6.95% Senior Notes due in 2026 at par value. Out of the total issue amount USD 416,183 thousand were designated for redemption and exchange of the existing 8.25% Senior Notes due in 2020.

Early redemption of the 8.25% Senior Notes due in 2020 from the issue of 6.95% Senior Notes due in 2026, which were placed with the same holders and where the change in the net present value of the future cash flows discounted using the original effective interest rate was less than 10% was accounted as an exchange and thus, all the related expenses, including part of consent fees, were capitalized and will be amortised over the maturity period of the 6.95% Senior Notes due in 2026.

The part of expenses, connected with placement of the 6,95% Senior Notes amounted to USD 11,564 thousand were capitalized, including USD 10,413 thousands related to the exchange. All other related expenses in the amount of USD 32,915 thousand were expensed as incurred.

As a result of a non-substantial modification, the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate was recognised as a gain in the amount of USD 4,733 thousand at the date of modification in the consolidated statement of profit or loss.

The Senior Notes are jointly and severally guaranteed on a senior basis by MHP SE, PrJSC “Myronivsky Hliboprodukt”, PJSC “Myronivsky Plant of Manufacturing Feeds and Groats”, PrJSC “Zernoprodukt MHP”, PrJSC “Agrofort”, PrJSC “Oril-Leader”, PrJSC “Myronivska Pticefabrika”, “SPF “Urozhay” LLC, “Starynska Ptakhofabryka” ALLC, “Vinnytska Ptakhofabryka” LLC, “Peremoga Nova” SE, “Katerinopolskiy Elevator” LLC, Scylla Capital Limited and Raftan Holding Limited.

Interest on the Senior Notes is payable semi-annually in arrears. These Senior Notes are subject to certain restrictive covenants including, but not limited to, limitations on the incurrence of additional indebtedness in excess of Net Debt to EBITDA ratio as defined by the indenture, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates. If the Group fails to comply with the covenants imposed, the Trustee or the Holders of at least 25% in principal amount of outstanding Notes may, upon written notice to the Group, declare all outstanding Senior Notes to be due and payable immediately. If a change of control occurs, the Group shall make an offer to each holder of the Senior Notes to purchase such Senior Notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

7.75% Senior Notes

On 10 May 2017, MHP SE issued USD 500,000 thousand 7.75% Senior Notes due in 2024 at par value. Out of the total issue amount USD 245,200 thousand were designated for redemption and exchange of existing 8.25% Senior Notes due in 2020.

Early redemption of the 8.25% Senior Notes due in 2020 from the issue of the 7.75% Senior Notes due in 2024, which were placed with the same holders and where the change in the net present value of the future cash flows discounted using the original effective interest rate was less than 10% was accounted as an exchange and thus, all the related expenses, including part of the consent fees, were capitalized and will be amortised over the maturity period of the 7.75% Senior Notes due in 2024.

The part of expenses, connected with placement of the 7.75% Senior Notes amounted to USD 9,830 thousand were capitalized, including USD 7,318 thousands related to the exchange. All other related expenses, including part of the consent fees, in the amount of USD 4,599 thousand were expensed as incurred.

The carrying amount of the Senior Notes was adjusted on transition to IFRS 9. Under IFRS 9, as a result of a non-substantial modification, the difference between the present value of the cash flows under the original and modified terms discounted at the original effective interest rate should be recognised as a gain at the date of modification. The difference between the carrying amount of the Senior Notes under IAS 39 and IFRS 9 was recognised in opening retained earnings in the amount of USD 7,566 thousand.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2020

(in thousands of US dollars, unless otherwise indicated)

13. Bonds issued *(continued)*

7.75% Senior Notes *(continued)*

The Senior Notes are jointly and severally guaranteed on a senior basis by PrJSC “Myronivsky Hliboprodukt”, PJSC “Myronivsky Plant of Manufacturing Feeds and Groats”, PrJSC “Zernoprodukt MHP”, PrJSC “Agrofort”, PrJSC “Oril-Leader”, PrJSC “Myronivska Pticefabrika”, “SPF “Urozhay” LLC, “Starynska Ptakhofabryka” ALLC, Vinnytska Ptakhofabryka LLC, SE “Peremoga Nova”, “Katerinopolskiy Elevator” LLC, Scylla Capital Limited, Raftan Holding Limited.

Interest on the Senior Notes is payable semi-annually in arrears. These Senior Notes are subject to certain restrictive covenants including, but not limited to, limitations on the incurrence of additional indebtedness in excess of Net Debt to EBITDA ratio as defined by the indenture, restrictions on mergers or consolidations, limitations on liens and dispositions of assets and limitations on transactions with affiliates. If the Group fails to comply with the covenants imposed, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may, upon written notice to the Group, declare all outstanding Senior Notes to be due and payable immediately. If a change of control occurs, the Group shall make an offer to each holder of the Senior Notes to purchase such Senior Notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest and additional amounts, if any.

Covenants

Certain restrictions under the indebtedness agreements (e.g. incurrence of additional indebtedness, restricted payments, dividends payment) are dependent on the leverage ratio of the Group. Once the leverage ratio exceeds 3.0 to 1, it is not permitted for the Group to make certain restricted payments, declare dividends exceeding USD 30 million in any financial year, incur additional debt except that is defined as a Permitted Debt. According to the indebtedness agreement, the consolidated leverage ratio is tested on the date of incurrence of additional indebtedness or restricted payment and after giving pro forma effect to such incurrence or restricted payment as if it had been incurred or done at the beginning of the most recent four consecutive fiscal quarters for which financial statements are publicly available (or are made available). The Group has tested all the transactions occurred prior to publication of these financial statements and has complied with all the covenants defined by indebtedness agreement during the reporting periods ended 30 September 2020 and 31 December 2019.

As at 30 September 2020 the leverage ratio of the Group is 3.33 to 1 (31 December 2019: 3.01 to 1), higher than the defined limit 3.0 to 1. Thus, from 13 April 2020, the date of publication of audited consolidated financial statements as of and for the year ended 31 December 2019, the aforementioned restrictions are binding on the Group.

14. Related party balances and transactions

For the purposes of these financial statements, parties are considered to be related if one party controls, is controlled by, or is under common control with the other party, or exercises significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions which unrelated parties might not, and transactions between related parties may not be effected on the same terms and conditions as transactions between unrelated parties.

Transactions with related parties under common control

The Group enters into transactions with related parties that are under common control of the Principal Shareholder of the Group (Note 1) in the ordinary course of business for the purchase and sale of goods and services.

Terms and conditions of sales to related parties are determined based on arrangements specific to each contract or transaction.

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14. Related parties *(continued)*

Transactions with related parties under common control *(continued)*

Transactions with related parties during the nine-month periods ended 30 September 2020 and 30 September 2019 were as follows:

	2020	*2019*
Loans and finance aid provided	36,083	24,679
Loans and finance aid repaid	-	17,393
Interest on loans and financial aid repaid	2,476	132
Interest charged on loans and finance aid provided	2,723	206
Loans provided to key management personnel	1,722	3,653
Loans repaid by key management personnel	716	157
Sales of goods	76	2
Purchases from related parties	12	10
Loss allowance against loans and finance aid provided	368	-

The balances owed to and due from related parties were as follows as of 30 September 2020 and 31 December 2019:

	30 September 2020	*31 December 2019*
Loans and finance aid receivable	60,614	24,845
Less: allowance for unrecoverable amounts	(3,051)	(3,128)
	57,563	21,717
Loans to key management personnel	4,964	4,945
Trade accounts receivable	108	197
Payables due to related parties	16	19

Loans and finance aid receivable

On 21 January 2020, the Board approved a loan facility of up to USD 80,000 thousand to the company's principal shareholder, WTI Trading Limited ("WTI") to meet WTI's general liquidity requirements and other corporate purposes for a maximum of three years.

As of 30 September 2020, the Group had advanced loans to WTI in the aggregate amount of USD 56,400 thousand (31 December 2019: USD 20,400 thousand). The loans, with a maturity in June - December 2021, bear interest at a rate of 9.25% and are secured by a personal guarantee of WTI's ultimate beneficial owner.

The Group's Directors believe that the loans were issued at arm's length terms and for fair market value, and that they were in the best interests and for the commercial benefit of the Group and do not violate the terms of the Senior Notes (Note 13).

Compensation of key management personnel

Total compensation of the Group's key management personnel (including compensation to Mr. Yuriy Kosyuk), which consists of contractual salary and performance bonuses amounted to USD 11,916 thousand and USD 14,828 thousand for the nine-month period ended 30 September 2020 and 30 September 2019, respectively.

15. Contingencies and contractual commitments

Operating environment

Since 2016, the Ukrainian economy, which represents the core operating environment of the Group, has been demonstrating signs of stabilization after the years of political and economic tensions. Until the break-out of the coronavirus (COVID 19) pandemic in the first quarter 2020, the real GDP has been steadily growing, however it decreased by around 3.6% for the three-month period ended 30 September 2020 compared to the three month period ended 30 September 2019 and decreased by around 5.5% for the nine-month period ended 30 September 2020 compared to the same period of 2019. Annual inflation is more modest during 2020 at 2.7% (2019: 8.7%).

Ukraine continues to limit its political and economic ties with Russia, in view of the annexation of Crimea, an autonomous republic of Ukraine, and an armed conflict with separatists continuing in certain parts of Luhanska and Donetska regions. As a result, the Ukrainian economy is refocusing on the EU market by realizing the potential of the established Deep and Comprehensive Free Trade Area with the EU.

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15. Contingencies and contractual commitments *(continued)*

Operating environment *(continued)*

To further facilitate business activities in Ukraine, the National Bank of Ukraine (the "NBU") has lifted the foreign currency proceeds surrender requirement from 20 June 2019, cancelled all limits on repatriation of dividends from July 2019 and gradually decreased its discount rate, from 16.5% in September 2019 to 6.0% in September 2020.

The degree of macroeconomic uncertainty in Ukraine in 2021 still remains high due to a significant amount of public debt scheduled for repayment in 2020, which requires mobilizing substantial domestic and external financing in an increasingly challenging financing environment for the emerging markets. At the same time, the Ukrainian authorities have demonstrated their commitment to introduce reforms in order to boost economic growth, while maintaining macro-fiscal stability and liberalizing economic environment.

Further economic growth depends, to a large extent, upon the success of the Ukrainian government in realization of the planned structural reforms and effective cooperation with the International Monetary Fund (the "IMF") as well as the ability of the government to cope with the macroeconomic challenges posed by the confinement measures introduced to contain the spread of COVID-19.

The responses put in place by many countries, including Ukraine and the EU, to contain the spread of COVID-19 resulted in significant operational disruption for many companies and have significant impact on global financial markets. While food supply chains proved to be largely resilient during the pandemic and the confinement measures are now being progressively lifted or adapted in Ukraine and other countries, many uncertainties yet remain around the economic recovery, and thus around the evolution of the consumer demand and the supply chain stability. In particular, the forecast magnitude of the recession is such that it is expected to lead to a sharp increase in unemployment in the EU, negatively impacting private consumption and limiting the Group's ability to enjoy benefits from export supplies to the EU and other key markets.

The Group's earnings in Q2 2020 had been adversely impacted by the aftereffects of the pandemic such as the decrease in market prices and exported volumes, while in Q3 2020 situation has stabilised temporarily. Such trends might be expected to continue in the foreseeable future, depending on the duration and the incidence of the next waves of pandemic effects on the Ukrainian and world economy.

Management has considered all available information about the future, including the impact of the COVID-19 outbreak on customers, suppliers and staff, as well as actual and projected foreseeable impact from various other factors. Management will continue to monitor the situation closely and will assess the need for additional measures in case the period of disruption prolongs or escalates further.

The Group reviews its non-financial assets to determine if any external or internal indicators of impairment exists. Based on these reviews, there were no indicators of impairment as of 30 September 2020.

Taxation and legal issues

Ukrainian tax authorities are increasingly directing their attention to the business community as a result of the overall Ukrainian economic environment. The local and national tax environment is constantly changing and subject to inconsistent application, interpretation and enforcement. Non-compliance with Ukrainian laws and regulations can lead to the imposition of severe penalties and fines. Future tax examinations could raise issues or assessments which are contrary to the Group companies' tax filings. Such assessments could include taxes, penalties and fines, and these amounts could be material. While the Group believes it has complied with local tax legislation, there are new significant changes to the tax legislation that may be introduced in the near future.

Management believes that the Group has been in compliance with all requirements of effective tax legislation.

The Group exports vegetable oil, chicken meat and related products, and performs intercompany transactions, which may potentially be in the scope of the Ukrainian transfer pricing ("TP") regulations. The Group has submitted the controlled transaction report for the years ended 31 December 2018 and 31 December 2019 within the required deadlines.

As of 30 September 2020, the Group's management assessed its possible exposure to tax risks for a total amount of USD 5,454 thousand related to corporate income tax (31 December 2019: USD 6,516 thousand). No provision was recognised relating to such possible tax exposure.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2020

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15. Contingencies and contractual commitments *(continued)*

Taxation and legal issues *(continued)*

As of 30 September 2020, companies of the Group were engaged in ongoing litigation with tax authorities for the amount of USD 18,218 thousand (31 December 2019: USD 23,201 thousand), including USD 8,168 thousand (31 December 2019: USD 11,016 thousand) of litigations with the tax authorities related to disallowance of certain amounts of VAT refunds and deductible expenses claimed by the Group. Of this amount, USD 300 thousand as of 30 September 2020 (31 December 2019: USD 1,241 thousand) relates to cases where court hearings have taken place and where the court in either the first or second instance has already ruled in favour of the Group.

Management believes that, based on the past history of court resolutions of similar lawsuits by the Group, it is unlikely that a significantly negative settlement will arise out of such lawsuits and no respective provision is required in the Group's financial statements as of the reporting date.

Contractual commitments on purchase of property, plant and equipment

During the nine-month period ended 30 September 2020, the companies of the Group entered into a number of contracts with foreign suppliers for the purchase of property, plant and equipment for the development of agricultural operations. As of 30 September 2020, purchase commitments on such contracts were primarily related to improvement of slaughtering facilities of Perutnina Ptuj, modernization projects and maintenance and amounted to USD 16,715 thousand (31 December 2019: USD 10,340 thousand).

16. Fair value of financial instruments

Fair value disclosures in respect of financial instruments are made in accordance with the requirements of IFRS 7 "Financial Instruments: Disclosure" and IFRS 13 "Fair value measurement". Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As no readily available market exists for a large part of the Group's financial instruments, judgment is necessary in arriving at fair value, based on current economic conditions and specific risks attributable to the instrument. The estimates presented herein are not necessarily indicative of the amounts the Group could realize in a market exchange from the sale of its full holdings of a particular instrument.

The fair value is estimated to be the same as the carrying value for cash and cash equivalents, short-term bank deposits, trade accounts receivables, and trade accounts payable due to the short-term nature of the financial instruments.

Set out below is the comparison by category of carrying amounts and fair values of all the Group's financial instruments, excluding those discussed above, that are carried in the consolidated statement of financial position:

	Carrying amount		*Fair value*	
	30 September 2020	*31 December 2019*	*30 September 2020*	*31 December 2019*
Financial liabilities				
Bank borrowings *(Note 12)*	90,142	101,858	88,563	99,417
Senior Notes due in 2024, 2026, 2029 *(Note 13)*	1,404,285	1,386,425	1,426,880	1,468,144
Lease liabilities	183,891	215,863	265,196	243,352

The carrying amount of Bank borrowings and Senior Notes issued includes interest payable at each of the respective dates. The carrying amount of lease liabilities as at 30 September 2020 includes USD 170,617 thousand of land lease liabilities.

The fair value of bank borrowings and lease liabilities was estimated by discounting the expected future cash outflows by a market rate of interest for bank borrowings 5.5% (31 December 2019: 5.4%) and for lease liabilities 7.4% (31 December 2019: 14.2%), and is within Level 2 of the fair value hierarchy.

The fair value of Senior Notes was estimated based on market quotations and is within Level 1 of the fair value hierarchy.

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17. Risk management policy

During the nine-month period ended 30 September 2020, there were no changes to objectives, policies and processes for credit risk, capital risk, liquidity risk, currency risk, interest rate risk, livestock diseases risk and commodity price and procurement risk managing.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities as they are due. The Group's liquidity position is carefully monitored and managed. The Group has in place a detailed budgeting and cash forecasting process to help ensure that it has adequate cash available to meet its payment obligations.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities using the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows as of 30 September 2020 and 31 December 2019. The amounts in the table may not be equal to the statement of financial position carrying amounts since the table includes all cash outflows on an undiscounted basis.

	Carrying amount	*Contractual Amounts*	*Less than 1 year*	*From 2nd to 5th year*	*After 5th year*
30 September 2020					
Bank borrowings	90,142	94,672	26,610	68,062	-
Bonds issued	1,404,285	1,981,226	87,913	856,650	1,036,663
Lease liabilities	183,891	377,785	56,272	177,173	144,340
Total	1,678,318	2,453,683	170,795	1,101,885	1,181,003
31 December 2019					
Bank borrowings	101,858	108,128	27,698	80,430	-
Bonds issued	1,386,425	2,041,588	98,850	876,025	1,066,713
Lease liabilities	215,863	445,430	64,074	205,137	176,219
Total	1,704,146	2,595,146	190,622	1,161,592	1,242,932

All other financial liabilities in the amount of USD 203,852 thousand (excluding those disclosed above) are repayable within one year.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group undertakes certain transactions denominated in foreign currencies.

The Group does not use any derivatives to manage foreign currency risk exposure, Group management sets limits on the level of exposure to foreign currency fluctuations.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities as of 30 September 2020 and 31 December 2019 were as follows:

	30 September 2020		*31 December 2019*	
	USD	*EUR*	*USD*	*EUR*
Total assets	253,812	39,894	162,672	14,190
Total liabilities	1,410,885	56,276	1,388,664	70,968

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS for the nine-month period ended 30 September 2020

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17. Risk management policy *(continued)*

Currency risk *(continued)*

The table below details the Group's sensitivity to strengthening/(weakening) of the UAH against USD and EUR. This sensitivity range represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for possible change in foreign currency rates.

	Change in foreign currency exchange rates	*Effect on profit before tax*
2020		
Increase in USD exchange rate	10%	(115,707)
Increase in EUR exchange rate	10%	(1,638)
Decrease in USD exchange rate	5%	57,854
Decrease in EUR exchange rate	5%	819
2019		
Increase in USD exchange rate	10%	(122,599)
Increase in EUR exchange rate	10%	(5,678)
Decrease in USD exchange rate	5%	61,300
Decrease in EUR exchange rate	5%	2,839

During the nine-month period ended 30 September 2020, the Ukrainian Hryvnia depreciated against the EUR by 20.2% and against the USD by 16.3% (nine-month period ended 30 September 2019: appreciated against the EUR and USD by 20.4% and 15.0% respectively). As a result, during the nine-month period ended 30 September 2020 the Group recognized net foreign exchange loss in the amount of USD 190,500 thousand (nine-month period ended 30 September 2019: foreign exchange gain in the amount of USD 182,045 thousand) in the consolidated statement of profit or loss and other comprehensive income.

18. Dividends

On 13 April 2020, the Board of Directors approved payment of an interim dividend of USD 0.2803 per share, equivalent to USD 30,000 thousand to shareholders on the register as of 24 April 2020. The Board of Directors approved that no dividend will be paid on the Company's shares held in treasury. As at 30 September 2020 dividends had been fully paid to shareholders.

19. Subsequent events

There are no subsequent events to mention.

20. Authorization of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements were authorized for issue by the Board of Directors of MHP SE on 17 November 2020.